

Salmon Recovery Funding Board

Briefing Memo

Item 2

Meeting Date: May 2010
Title: Legislative Update 2010 and Preparing for 2011
Prepared By: Steve McLellan, Policy Director

Approved by the Director:

Proposed Action: Briefing

Summary

This memo provides a review of the 2010 legislative session, and overview of the decisions that the Salmon Recovery Funding Board (board) will need to make for the 2011 legislative session. These decisions include agency request legislation and budget requests.

Review of the 2010 Legislative Session

Budget

The special legislative session adjourned on April 12 after passage of operating and capital budgets and a revenue package. The Governor signed the budgets on May 4.

- The operating budget includes a higher funding level than was proposed in the Governor's budget. The legislature's budget keeps general fund appropriations for the natural resources data portal and for the Biodiversity Council. However, the Governor vetoed a proviso that would have extended the Biodiversity Council for a year, saying that the Council's oversight role would be absorbed by the Natural Resources Cabinet.
- The capital budget did not modify any of the SRFB related funds.
 - There also is a provision in the capital budget that the Office of Financial Management (OFM) will work with agencies to identify \$50 million in savings from projects that have not made "substantial progress" by November 30, 2010. Substantial progress means that we have taken all steps needed to execute a contract. We are working with OFM to clarify the implications for the SRFB 2010 grant round, since the final funding action will not occur until December.
- The legislature also directed agencies to reduce compensation expenditures or furlough employees for ten days over the remainder of the biennium. We are awaiting guidance from

OFM on how to implement this section. Based on the legislation, no board meetings need to be rescheduled because of furlough-related closures.

Interim Studies

The legislature did not assign any studies to RCO during this session. Nevertheless, we expect to be involved in a study – led by the Joint Transportation Committee – of the fuel tax refund for non-highway uses. The tax refund has provided major funding for some RCO grant programs and a substantial portion of agency administrative costs.

The initial Senate capital budget proposal directed a study of the agency's reappropriation rate. Although this study was not included in the final capital budget, we expect this to be a subject of legislative interest over the interim.

Natural Resources Reform

- Bills tied to the Governor's natural resources reform effort to consolidate the Growth Management Hearing Boards into one and to streamline environmental appeals both were successful.
- Bills to merge the Pollution Liability Insurance Agency into the Department of Ecology and to allow Department of Fish and Wildlife (DFW) to enforce Department of Natural Resources (DNR) regulations died.
- A major proposal (not part of the Governor's package) to merge State Parks and DFW into DNR died in committee, but was part of the initial Senate budget proposal. The final spending plan does not include the merger language, but directs DFW and DNR to consolidate land management functions and find savings from consolidating facilities.

Other Bills of Interest

Agricultural/Forest Incentives: SB 6520, which would grant the Ruckelshaus Center an additional year to negotiate voluntary landowner incentives for agriculture and place a moratorium on counties updating Critical Area Ordinances, cleared both houses and has been signed by the Governor. The Governor also signed **HB 2541**, which directs DNR to study voluntary incentives for improved environmental practices. The study must be completed by the end of 2011. Bills to require agriculture impact statements for land acquisitions and to increase consideration of agriculture in SEPA reviews both failed to pass.

Marine Spatial Planning: SB 6350, which would begin the process of marine spatial planning for Puget Sound, coastal waters, and the Columbia River, has passed both houses and been signed by the Governor. It is considered important to securing federal funds for implementing planning efforts.

Other Natural Resource Related bills/proposals: The Governor's budget eliminated DOE's funding for watershed planning, but the full funding level is included in the final budget. Also, a number of bills were introduced to restrict DFW land acquisitions. Although they did not move forward, the topic is expected to remain on the agenda over the interim and next session.

Puget Sound Funding

The supplemental budget included a number of items related to Puget Sound:

- \$50 million in grants to local governments through the Department of Ecology for stormwater projects and funding to implement stormwater permit requirements;
- Over \$1.6 million for a wastewater treatment plant and reclamation project at Potlatch on Hood Canal.
- \$2.8 million for Carpenter Creek estuary restoration in Kitsap County to remove a culvert blocking fish passage and restore tidal function creating approximately 28 acres of estuary habitat; DFW has asked RCO to manage this grant;
- \$1 million for the Puget Sound Nearshore Ecosystem Restoration Project (PSNERP) through the Department of Fish and Wildlife to complete scientific work and near shore restoration projects;
- \$381,000 to DFW for a habitat enhancement project that will construct six large woody structures along 1.5 miles of the Middle Fork Nooksack River and augment 20 stable large wood structures on five channel islands in the North Fork Nooksack River. DFW has asked RCO to manage this grant.
- \$185,000 to DFW for a South Fork Nooksack River restoration project that will remove a barrier to provide fish passage to 1.4 miles of river, place stable logjams, and include 41 acres of riparian planting along 2,900 linear feet of stream and several adjoining wetlands. DFW has asked RCO to manage this grant

Legislation for 2011

OFM will issue guidance for proposed agency request legislation later this spring. The Governor's Chief of Staff has indicated that the timetable for considering legislative requests is likely to be faster than in previous years.

If the board wants to submit legislation for the 2011 session, it will need to make that decision either at the May meeting or at a special meeting during the summer. Staff has assessed the board's current policy work plan (Item 4). At this time, we believe that the policy issues do not require changes in board or RCO statutes. RCO is considering other legislative requests to extend the Monitoring Forum and Invasive Species Council, both of which are scheduled to sunset in the next biennium. Another possible legislative proposal would involve a transition of

the activities of the Biodiversity Council to another entity. As with every odd-numbered year, the top legislative priority will be the budget.

2011-13 Budget

We expect that the RCO will need to submit its 2011-13 biennial budget proposals (operating and capital) to the Office of Financial Management in early September. We expect to receive initial budget guidance from OFM in May and to develop the proposals over the summer.

The board will need to decide on the amount of state funds to request in the capital budget for salmon grants, the Family Forest Fish Passage Program (FFFPP), and Puget Sound projects. The RCO Director will work with the board chair to call a special meeting in August to discuss the budget request once we have clear direction from OFM.